



## DEPARTMENT OF MENTAL HEALTH POLICY/PROCEDURE

<b>SUBJECT</b> <b>SAVINGS FROM THIRD-PARTY MEDICAL CLEAN-UP BILLING INCORPORATED INTO MENTAL HEALTH SERVICE AGREEMENTS</b>	<b>POLICY NO.</b> <b>110.7</b>	<b>EFFECTIVE DATE</b> <b>06/17/91</b>	<b>PAGE</b> <b>1 of 2</b>
<b>APPROVED BY:</b> <b>Original signed by:</b> <b>FRANCIS DOWLING</b>  Director	<b>SUPERSEDES</b>  <b>N/A</b>	<b>ORIGINAL ISSUE DATE</b> <b>06/17/91</b>	<b>DISTRIBUTION LEVEL(S)</b> <b>1,3</b>

### **PURPOSE**

- 1.1 To provide guidelines regarding the process whereby the savings emerging from third-party clean-up billing efforts in regard to Medi-Cal will be incorporated into mental health service agreements (contracts).

### **POLICY**

- 2.1 The Department of Mental Health shall implement a system ensuring that Medi-Cal savings are reflected in mental health services agreements (contracts).

### **PROCEDURES**

- 3.1 The following process will be conducted as the basis for incorporation of savings from clean-up billing of contract providers:
  - 3.1.1 Upon receipt of the Medi-Cal fiscal data as reported from the Finance Specialist on the Revenue Generation Management System (RGMS) relating to Medi-Cal clean-up billing of contract and Department of Health Services operators, the Contracts Development and Administration Division (CDAD) will ensure that this information is available for use in the negotiation process for renewal of mental health service agreements and the annual review of existing agreements. Parties involved in the contract negotiation and review process will have access to this report.
  - 3.1.2 Clean-up billing data is an important contract negotiation item. The program bureaus of this Department are responsible for "sign-off" of all mental health service agreements (contracts).
  - 3.1.3 In follow-up to contract negotiations, the program bureaus will formally advise CDAD of the amount of clean-up savings to be incorporated into the mental health service agreements.



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- 3.1.4 In the event that Medi-Cal revenues generated constitute a basis for an amendment to an existing contract, CDAD will proceed on this process as instructed by the program bureaus.
- 3.1.5 The CDAD will prepare all related contract documents reflecting the necessary adjustments in regard to clean-up savings.

### **AUTHORITY**

Auditor-Controller, Patient Financial Screening Audit (1990)